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UTILITY PATENT APPLICATION TRANSMITTAL

(Only for new nonprovisional applications under 37 CFR 1.53(b))

Attorney Docket No. 04490.P001

First Named Inventor Sanjeev Indru KRIPLANI

Title: SYSTEM AND METHOD FOR INVOICE CONFIRMATION AND FUNDING

Express Mail Label No. EL672753633US

ADDRESS TO: Assistant Commissioner for Patents
 Box Patent Application
 Washington, D. C. 20231

APPLICATION ELEMENTS

See MPEP chapter 600 concerning utility patent application contents.

1. X **Fee Transmittal Form (e.g., PTO/SB/17)**
 (Submit an original, and a duplicate for fee processing)
2. **Applicant Claims Small Entity Status. (37 CFR 1.27)**
3. X **Specification (Total Pages 38)**
 (preferred arrangement set forth below)
 - Descriptive Title of the Invention
 - Cross Reference to Related Applications
 - Statement Regarding Fed sponsored R & D
 - Reference sequence listing, a table, or a computer program listing appendix
 - Background of the Invention
 - Brief Summary of the Invention
 - Brief Description of the Drawings (if filed)
 - Detailed Description
 - Claim(s)
 - Abstract of the Disclosure
4. X **Drawings(s) (35 USC 113) (Total Sheets 19)**
5. X **Oath or Declaration (Total Pages 5)**
 - a. X Newly Executed (Original or Copy)
 - b. Copy from a Prior Application (37 CFR 1.63(d))
 (for Continuation/Divisional with Box 17 completed)
 - i. **DELETIONS OF INVENTOR(S)** Signed statement attached deleting inventor(s) named in the prior application, see 37 CFR 1.63(d)(2) and 1.33(b).
 - c. Unsigned.
6. **Application Data Sheet. (37 CFR 1.76)**
7. CD-ROM or CD-R in duplicate, large table or Computer Program (Appendix)
8. Nucleotide and/or Amino Acid Sequence Submission
 (if applicable, all necessary)
 - a. Computer Readable Form (CRF)
 - b. Specification Sequence Listing on
 - i. CD-ROM or CD-R (2 copies), or
 - ii. paper
 - c. Statement verifying identity of above copies

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ACCOMPANYING APPLICATION PARTS

9. ☒ **Assignment Papers (cover sheet & documents(s))**
10. ☐ a. Separate 37 CFR 3.73(b) Statement (where there is an assignee)
- ☐ b. Power of Attorney
11. ☐ English Translation Document (if applicable)
12. ☐ a. Information Disclosure Statement (IDS)/PTO-1449
- ☐ b. Copies of IDS Citations
13. ☐ **Preliminary Amendment**
14. ☒ **Return Receipt Postcard (MPEP 503) (Should be specifically itemized)**
15. ☐ Certified Copy of Priority Document(s) (if foreign priority is claimed)
16. ☐ Request and Certification under 35 U.S.C. 122(b)(2)(B)(i). Applicant must attach form PTO/SB/35 or its equivalent.
17. ☒ Other: Letter Regarding Limited Recognition, Associate Power of Attorney.

18A. If a CONTINUING APPLICATION, check appropriate box and supply the requisite information:

☐ Continuation ☐ Divisional ☐ Continuation-in-part (CIP)
Of Prior Application No.: _____ Examiner _____ Group Art Unit _____

(which is a ☐ continuation/ ☐ divisional/ ☐ CIP of prior application no. _____,
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For CONTINUATION AND DIVISIONAL APPS only: The entire disclosure of the prior application, from which an oath or declaration is supplied under Box 5b, is considered a part of the disclosure of the accompanying continuation or divisional application and is hereby incorporated by reference. The incorporation can only be relied upon when a portion has been inadvertently omitted from the submitted application parts.

18B. Statement under 37 CFR 3.73(b) for continuing application:

The undersigned states that _____ (name of assignee) is the assignee of the entire right, title, and interest in the accompanying patent application by virtue of an assignment recorded in the Patent and Trademark Office at Reel. No. _____ Frame No. _____ (or a copy of which is attached).

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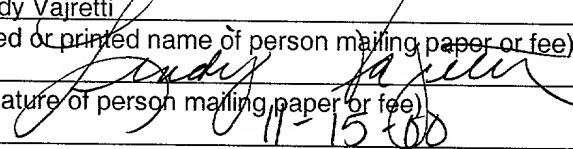
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UNITED STATES PATENT APPLICATION

FOR

**SYSTEM AND METHOD FOR INVOICE CONFIRMATION AND
FUNDING**

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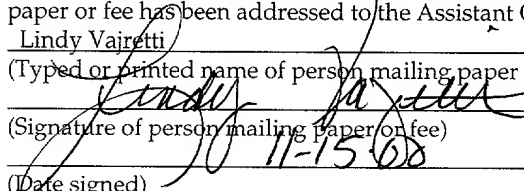
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SYSTEM AND METHOD FOR INVOICE CONFIRMATION AND FUNDING

The present application claims the benefit of US provisional
5 application No. 60/167,449, entitled "INVOICE CONFIRMATION AND
FUNDING SYSTEM", filed November 23, 1999.

FIELD OF THE INVENTION

The present invention relates to a system and method for billers and
payers to manage accounts receivable for business-to-business payments
10 using a third-party intermediary.

BACKGROUND OF THE INVENTION

I. Introduction

Accounts receivable are handled today primarily using manual
15 systems with fragmented processes and procedures surrounded by ad-hoc
credit, uncollected finance charges, and inflexible terms.

The biller typically mails an invoice to the payer who responds by
sending a check in the mail back to the biller. There is no specified date for
the payer to authorize payment and then to pay. Payers typically pay

around 30 days or so after receipt of invoice but there are no hard and fast rules. Some payers pay later, which leads to problems between biller and payers. Payers may not have the money at the time billers are insisting on payment, and sometimes this leads to comments such as "the check is in the
5 mail" by the payer. Billers will frequently assess a finance charge if payment is not received within a stated time period, but this charge is usually not enforced. Collection procedures by billers usually involve phone calls and messages to payers and are unpleasant for both the biller and the payer, particularly where there is a client relationship at stake.

10 Some billers, in an attempt to collect receivables sooner, along with some payers who want a price discount, will agree to terms, such as 2% 10/net 30. This means the biller provides a 2% discount on the invoice amount if paid in 10 days, with no discount if paid in 30 days. Practically speaking, the biller usually does not receive funds within 10 days, given the
15 time it takes to receive the check in the mail, make the deposit, and then have funds available, particularly for out-of-town checks.

II. Description of related art

At present, there are a variety of business-to-business payment systems to choose from, including: credit cards, factoring, the electronic funds transfer ("EFT") system, the Trade Acceptance Draft ("TAD") system, 5 and electronic bill payment services.

A. Credit cards

Some businesses take credit cards for payment by other businesses. The biller, in return for paying a discount percentage on sales (typically 2 to 3 %) to the credit card company, gets cash in several days from the credit 10 card company, while the payer typically has 20 to 30 days to pay the credit card company. Many companies, however, don't have or accept credit cards and some billers don't want to ask for credit card payment since it indicates they don't trust the payer. Furthermore, payers prefer the flexibility to delay payment past 30 days without a fee, which is not an option with credit 15 cards.

For credit card companies, another drawback with credit cards is the lack of a nonrepudiable commitment by the payer to pay the amount of a bill to the intermediary (i.e., the credit card company) in the future. A nonrepudiable commitment is a promise by a promisor (e.g., a payer) to a

promisee (e.g., a financial intermediary) to perform an act (e.g., to pay the intermediary) on a future date specified by a contract between them, where the promise cannot be denied unless the promise was obtained by fraud. In practice, there may also be a small window of time after the nonrepudiable

5 commitment is made where the promisor can cancel the commitment, for example where the commitment was made by mistakenly activating the wrong button on a computer. The lack of a nonrepudiable commitment is also a major drawback for a biller because a payer can refuse to pay a bill to the credit card company, which may result in the biller experiencing a

10 charge back and not getting paid. The present invention overcomes this drawback by having the payer sign an agreement with the intermediary in which he agrees to pay the amount of any invoice he directly authorizes the intermediary to pay, thereby eliminating the possibility of the payer later denying his obligation to pay the intermediary.

15 Yet another drawback of a credit card system is that if a payer cannot pay the third-party intermediary, the intermediary experiences a financial loss and/or must send the account to collection, which has a negative impact on the intermediary's revenue. The present invention overcomes this limitation by having billers sign a legally binding agreement in which they

agree to pay the third-party intermediary the amount of an invoice if the invoice is not paid by the payer, which significantly reduces the intermediary's possibility of loss due to nonpayment of an invoice.

B. Factoring

5 Some biller businesses with significant short term needs for cash will use a factoring company to factor their accounts receivable. This means the business turns over all or a portion of its receivables to the factoring company in return for getting cash from the factor company. The amount of cash is based on the receivables amount less a discount percentage, typically
10 in the 5% to 20% range based on the nature of the industry and the quality of receivables. The factoring company then also has the responsibility to collect on outstanding receivables, and this essentially places the factoring company in an adversarial relationship with the customer of the biller and the biller loses control of the customer relationship for receivables.

15 In the factoring system, billers are often required to sign up all their customers to a system in which another company does invoicing and serves as the collection agency to settle disputes regarding payment. The biller typically gets 75% to 80% of their invoice amounts up front and the remainder once the invoice is paid by the payer. Payers typically have 30

days to pay invoices. The factoring system is similar to credit cards in its limitations and shortcomings concerning the nonrepudiable commitment to pay an invoice. The payer does not make a nonrepudiable commitment to pay the third-party intermediary.

5 C. EFT

A few business-to-business payments are also conducted via electronic funds transfer using the Automated Clearing House ("ACH"), primarily recurring payments that are paid on a regular schedule and with an amount that does not vary over time. There are systems, which enable
10 business-to-business transfers via the ACH. These systems primarily replicate payments mailed through the post office, with the advantage that payments are made on particular dates. These systems do not provide funding, nor do they provide an automated system for receivables management including automated invoicing, collections, and financing
15 terms.

D. TAD

The TAD system, described in U.S. Patent 5,694,552, is a financial process in which financial instruments called Trade Acceptance Drafts are bought and sold. Sellers endorse TADs, which are sent to a financial

organization that purchases the TADs from the sellers. Once the financial organization purchases the TAD, the financial organization pays a major percentage of the purchase price to the seller. Unlike the present invention, where billers and payers sign payment agreements only with the third-party intermediary, in the TAD system buyers and sellers are required to execute bilateral agreements with all trading partners, which makes the system very cumbersome. Furthermore, with TAD, the intermediary does not directly receive the commitment to pay. Rather, the biller receives the commitment and transfers it to the intermediary. This adds to the cumbersome nature of the TAD system.

E. Electronic bill payment services

With electronic bill payment services, members sign up to have their bills paid by a third-party intermediary system. Unlike the present invention, where payers are allowed a float in paying the amount of the bill to the third-party intermediary, in the electronic bill payment services collection from the payer and payment to the biller is simultaneous, i.e., the payer is not given a "float."

SUMMARY OF THE INVENTION

In one embodiment, the present invention is a method for payment of an invoice evidencing a payment obligation of a payer to a biller using a third-party intermediary, including receiving at the intermediary a

- 5 nonrepudiable commitment from the payer to pay the amount of an invoice that is directly authorized by the payer, wherein the commitment includes a payment date subsequent to such authorization; receiving from the biller a legally binding commitment to pay the amount of the invoice that is directly authorized by the payer to the intermediary if the payer does not pay the
- 10 amount of such an invoice to the intermediary; receiving at the intermediary directly from the payer an authorization to pay the amount of the invoice to the biller; after receiving directly the authorization, paying to the biller at least a substantial portion of the amount of the invoice; and subsequently collecting from the payer (or the payer's agent) the amount of the invoice.

- 15 In another embodiment, the invention is an apparatus for facilitating payment of an invoice evidencing a payment obligation of a payer to a biller using a third-party intermediary, comprising: a) a storage device; and b) a processor connected to the storage device, the storage device storing a program for controlling the processor; and the processor operative with the

program to: 1) receive at the intermediary a nonrepudiable commitment from the payer to pay the amount of any invoice that is directly authorized by the payer, wherein the commitment includes a payment date subsequent to such authorization; 2) receive from the biller a legally binding
5 commitment to pay the amount of any invoice that is directly authorized by the payer to the intermediary if the payer does not pay the amount of such an invoice to the intermediary; 3) receive at the intermediary directly from the payer an authorization to pay the amount of the invoice to the biller; 4) after receiving directly the authorization, pay to the biller a substantial
10 portion of the amount of the invoice; and 5) subsequently collect from the payer (or the payer's agent) the amount of the invoice.

The present invention is an automated system for managing accounts receivable for both billers and payers via a third-party intermediary. The system for management of accounts receivable includes automated
15 invoicing, funding, and collections. The system uses the Internet for initiating, approving and collecting invoices, and uses electronic funds transfer (e.g., via ACH) for debits and credits to biller and payer bank accounts for funding and payment. The system also uses the Internet and other communications media to keep billers, payers, and the third-party

intermediary informed of the payment procedures being adhered to,
payment status and financing options, terms and charges. The system and
method enable billers to get paid quickly and payers to pay later. Billers get
paid within 10 days while providing a service to payers. Payers pay in 60
5 days without cost or vendor hassle.

The system is controlled by billers and payers through the Internet,
providing an alternative or supplement to credit cards, 2% 10 net 30, and
other receivables alternatives. Both billers and payers have the flexibility to
decide which invoices to process with the system and associated terms for
10 payment and collections.

Billers enter the invoice amount on the Internet and are paid by the
third-party intermediary as soon as the payer approves the invoice on the
Internet. The intermediary obtains payment from the payer typically 60
days after the invoice date. Payments to both billers and payers are typically
15 made using electronic funds transfer and the commitment to invoice and
pay is typically made electronically.

In addition to providing an automated system, the intermediary also
provides funding through a funding partner that provides the float needed
to make the system work properly. The intermediary typically has also

automated the debit/credit of funds from the funding partner using electronic funds transfer.

The present invention is unique and superior to the prior systems because it contains the following combination of transaction characteristics:

- 5 • Nonrepudiability - With the present invention, the payer makes a legal commitment to the intermediary to pay the amount of any invoice that the payer directly authorizes the intermediary to pay. For a given invoice, the payer commits to pay the intermediary at some time after the direct authorization is made (e.g., sixty days
10 after authorization). This commitment occurs well in advance of the actual payment by the payer.
- Dual recourse – The biller makes a legal commitment to the intermediary to pay the agreed upon invoice amount if the payer defaults.
- 15 • True intermediary – Billers and payers only need to sign payment agreements with the third-party intermediary. Buyers and sellers are not required to execute bilateral agreements with all of their trading partners.

- Direct authorization – Payers authorize payment directly with the intermediary.

The benefits provided by the present invention include:

- 5 • The biller gets paid within 2-3 days after the payer commits to pay the invoice amount.
- 10 • Both sides of the transaction are registered users of the system, and each can look up the status of any transaction between them at any time using the Web, initiate new invoices and payments, negotiate payment revisions, and authorize and cancel invoices and payments.
- 15 • Optional payment terms are offered to 1) the payer who decides not to pay on time (e.g., within 60 days), and 2) the biller who decides not to pay immediately in event of a payer default.
- Collection terms are written and collections are also implemented electronically.
- Comprehensive reporting provides the status of all receivables in the system, both current month and year to date.

Other features of the present invention will be apparent from the accompanying drawings and from the detailed description which follows.

BRIEF DESCRIPTION OF THE DRAWINGS

The present invention is illustrated by way of example and not limitation in the figures of the accompanying drawings, in which like references indicate similar elements and in which:

5

FIG. 1a is a schematic illustrating an exemplary system for invoice confirmation and funding.

FIG. 1b is a flowchart illustrating an exemplary method for invoice confirmation and funding.

10

FIG. 2a and **FIG. 2b** are flowcharts illustrating an exemplary application /set-up method.

FIG. 3 is a flowchart illustrating an exemplary method for billers to initiate invoices.

FIG. 4 is a flowchart illustrating four invoice options given to a payer.

15

FIG. 4a is a flowchart illustrating an exemplary method for a payer to authorize an invoice.

FIG. 4b is a flowchart illustrating an exemplary method for a payer to reject an invoice.

FIG. 4c is a flowchart illustrating an exemplary method for a payer to delay an invoice decision.

FIG. 4d is a flowchart illustrating an exemplary method for a payer to change an invoice amount.

5 **FIG. 5** is a flowchart illustrating an exemplary method for an intermediary to process invoices approved by a payer.

FIG. 6 is a flowchart illustrating an exemplary method for the exception processing of invoices in which a payer requests a delay in payment to the intermediary.

10 **FIG. 7** is a flowchart illustrating an exemplary method for the exception processing of invoices in which a payer does not have sufficient funds to allow for withdrawal by the intermediary.

FIG. 8 is a flowchart illustrating an exemplary method for the exception processing of invoices in which a biller does not have sufficient funds to allow for withdrawal by the intermediary.

15 **FIG. 9** is a flowchart illustrating an exemplary method for the exception processing of invoices in which a biller defaults to the intermediary.

FIG. 10a is a flowchart illustrating an exemplary method for biller reporting.

FIG. 10b is a flowchart illustrating an exemplary method for payer reporting

5 **FIG. 10c** is a flowchart illustrating an exemplary method for transaction reporting

FIG. 11 is a flowchart illustrating an exemplary method for invoice credits.

DETAILED DESCRIPTION OF THE PREFERRED EMBODIMENT

I. System and Method Overview

FIG. 1a is an overview of an exemplary invoice confirmation and
5 funding system. This system involves a Biller **101**, a Payer **102**, a third-party intermediary **103**, an invoice **104**, and an electronic funds transfer system (e.g., ACH) **105**. The Biller **101**, Payer **102**, and third-party intermediary **103** will typically have their own corresponding computers, which can be communicatively coupled to each other over a network (e.g., the Internet).
10 These computers have the components found in any standard computer (e.g., a processor, a storage device, software programs on a computer-readable medium, and a display) and need not be described in greater detail here because their use, functionality and interrelation will be readily apparent to those of ordinary skill in the art.

15 In FIG. 1b, at step **150**, Biller **101** and Payer **102** apply on the website of the third-party intermediary **103**. In his application, the Biller **101** agrees to a legally binding commitment to pay the amount of any invoice **104** that is directly authorized by the payer **102** to the intermediary **103** if the payer **102** does not pay the amount of such an invoice **104** to the intermediary **103**. In
20 his application, the Payer **102** gives the third-party intermediary **103**

authorization to pay the amount of an invoice **104** submitted by the Biller **101** to the third-party intermediary **103** in the future, provided the Payer **102** gives his direct authorization to the intermediary **103** to pay the invoice **104**. Payer **102** also gives a nonrepudiable commitment to the intermediary **103** to

5 pay the amount of any invoice **104** that is directly authorized by the payer. For a given invoice **104**, Payer **102** commits to pay the intermediary **103** at some time after the direct authorization is made (e.g., sixty days after authorization). Both Biller **101** and Payer **102** are typically approved and set-up online in real time with prescribed credit limits.

10 At step **155**, the Biller **101** sends an invoice **104** to third-party intermediary **103**, who receives the invoice **104** via the web or other means. The third-party intermediary **103** notifies Payer **102** of invoice **104** to get confirmation. At step **160**, Payer **102** confirms invoice **104** by directly sending authorization to the third-party intermediary **103** to pay the amount

15 of the invoice **104** to the Biller **101**. At step **165**, after receiving authorization directly from Payer **102**, third-party intermediary **103** sends via electronic funds transfer (e.g., ACH) **105** or other means, payment for a substantial amount of the authorized total of the authorized invoice **104** to Biller **101**. At step **170**, third-party intermediary **103** receives payment from Payer **102** of

the amount of the invoice **104** via electronic funds transfer (e.g., ACH) **105**, typically 60 days after the invoice date.

II. Application set-up

5 FIG. **2a** illustrates the application set-up process (A) in more detail. At step **200**, a business applies to be either a Biller **101** or a Payer **102** or both via the web or other means. The business agrees to contract terms with the intermediary **103**, including electronic funds transfer debit/credit authorization for the third-party intermediary **103**. At step **205**, third-party
10 intermediary **103** performs a business verification and credit/fraud check to determine business acceptance, credit rating and credit limit. At step **210**, credit parameters for the business are entered in a customer database. At step **215**, third-party intermediary **103** notifies the business of acceptance and credit parameters via the web or other means.

15 FIG. **2b** continues to illustrate the application set-up process in more detail. At step **220**, the business accesses third-party intermediary **103** training site on the web for self-tutorial training and password set-up. At step **225**, the business sends a blank voided check to third-party intermediary **103** and calls third-party intermediary's **103** customer service

telephone number to confirm the business user name, phone number and bank account information (e.g., BIN and routing numbers). At step 230, third-party intermediary **103** conducts a test transaction to confirm the business bank account and communicates via email/fax/phone with the business to confirm that the test transaction is completed. At step **235**, the business maintains their account information on third-party intermediary **103** web site and third-party intermediary **103** communicates with the business to confirm any changes.

III. Biller invoicing

FIG. 3 illustrates invoicing initiated by Biller **101**. At step **300**, Biller **101** sends invoice **104** to Payer **102** by Biller's **101** usual method, commonly through the mail. At step **305**, Biller **101** sends invoice **104** information to the third-party intermediary **103**, typically to the third-party intermediary's website. The invoice typically includes an invoice number, Payer **102**, invoice amount, invoice date and description. At step **310**, third-party intermediary **103** notifies Payer **102** of invoice **104** by adding invoice **104** to the Payer **102** web screen payment status report as a payment ready to be authorized and also sends a confirmation to Payer **102**.

IV. Payer invoice options

FIG. 4 illustrates four (4) Payer **102** invoice options: Payer **102** authorizes invoice; Payer **102** rejects invoice; Payer **102** delays invoice decision; or Payer **102** wants to change invoice amount.

5 FIG. **4a** illustrates a Payer **102** authorizing an invoice. At step **400**, Payer **102** approves invoice **104**, for example by clicking on an invoice approval button on an intermediary web screen or via other means. Third party intermediary **103** updates Payer **102** status on Biller's **101** and Payer's **102** invoice reports on third-party intermediary **103** web screens or via other
10 means. The contract agreed to by Payer **102** and intermediary **103** in the application setup process creates a nonrepudiable commitment to pay the intermediary **103** in the future (e.g., via a pre-authorized ACH debit, a paper check or any other traditional payment method) when the Payer **102** directly authorizes payment of the invoice **104** in step **400**.

15 FIG. **4b** illustrates a Payer **102** rejecting an invoice. At step **405**, third-party intermediary **103** informs Biller **101** of the rejection and suggests that Biller **101** follow-up with Payer **102**. Third party intermediary **103** flags

invoice **104** as rejected on Biller **101** and Payer **102** invoice **104** report. Biller **101** follows his normal invoice rejected procedures.

FIG. **4c** illustrates a Payer **102** delaying invoice decision. At step **410**, third-party intermediary **103** communicates notices to Payer **102**, on a
5 schedule determined by Biller **101**, requesting invoice **104** approval. Third-party intermediary **103** also communicates invoice status to Biller **101**. This communication is via web, email, fax, phone or other media available at the time.

FIG. **4d** illustrates a Payer wanting to change an invoice amount. At
10 step **415**, Payer **102** sends notice to Biller **101**. Biller **101** and Payer **102** negotiate (using third-party intermediary's electronic communication or via other means) the invoice **104** amount and Biller **101** enters a revised invoice **104**. At step **420**, Payer **102** and Biller **101** may agree on a different amount via the web or other means. Subject to advance approval by Biller **101**, Payer
15 **102** may change the invoice amount directly on intermediary **103** web screen. For this case, intermediary **103** will then communicate the revised amount to Biller **101**.

V. Processing Approved Invoices

FIG. 5 illustrates third-party intermediary **103** processing of invoices **104** approved by Payer **102**. At step **500**, after Payer **102** approval, third-party intermediary **103** initiates a payment for the invoice **104** amount to Biller's **101** bank account via electronic funds transfer (such as an ACH credit) or other means (such as a paper check) from third-party intermediary's **103** bank account. Third party intermediary **103** calculates a discount percentage based on the invoice **104** amount for providing the service. This discount can be collected as a lump sum from the Biller **101** to aid in reconciliation. At step **505**, when the time approaches for payment by Payer **102**, third-party intermediary **103** sends a scheduled reminder notice to Payer **102** that the invoice **104** amount will be withdrawn on the date agreed to by Payer **102**. At step **510**, typically 60 days after the invoice date, or such other dates as agreed to by Payer **102**, third-party intermediary **103** transfers the invoice amount from Payer **102** bank account to third-party intermediary **103** bank account via electronic funds transfer (such as an ACH debit), or collects money via other means (such as a paper check).

VI. Exception processing

FIG. 6 illustrates exception processing when Payer 102 requests a delay in payment to third-party intermediary 103. At step 600, Payer 102 elects to delay payment for up to 30 days (or other time period as agreed to with third-party intermediary 103) at an interest rate/fee determined by third-party intermediary 103. Third party intermediary 103 notifies Biller 101 that Payer 102 has elected to defer payment. At step 605, third-party intermediary 103 communicates to Payer 102, upon a schedule determined by third-party intermediary 103, before debiting Payer 102 account, that the invoice 104 amount will be withdrawn. Third party intermediary 103 determines the schedules for communication and withdrawal. At step 610, third-party intermediary 103 transfers the invoice 104 amount from Payer 102 bank account to third-party intermediary 103 bank account via electronic funds transfer (such as an ACH debit) or other means (such as a paper check).

FIG. 7 illustrates exception processing when the Payer 102 does not have sufficient funds in his bank account to allow withdrawal by third-party intermediary 103. At step 700, third-party intermediary 103 informs Payer 102 and Biller 101 of NSF (non-sufficient funds). Biller 101 has the option to

resubmit the electronic debit to Payer's **102** account for the original amount.

Third party intermediary **103** initiates an electronic debit to Payer's **102** account for a NSF fee after informing Payer **102**. At step **705**, third-party intermediary **103** informs Biller **101** that invoice amount will be withdrawn, and date of withdrawal, from Biller **101** bank account to third-party intermediary **103** bank account via electronic funds transfer or other means (such as a paper check). The third-party intermediary **103** discount percentage previously deducted may be added back at month end. At step **710**, Biller **101** can prevent electronic debit from his account via successful resubmission of electronic debit from Payer **102** account or other means (such as a paper check). At step **715**, Biller **101** can elect to delay electronic debit from their account for up to ten (10) days (or other time period determined by third-party intermediary **103**) at an interest rate/fee determined by third-party intermediary **103**.

FIG. 8 illustrates exception processing when the Biller **101** has non-sufficient funds. In step **800**, third-party intermediary **103** negotiates revised payment terms with Biller **101** including length of payment extension and interest rate. At step **805**, third-party intermediary **103** communicates reminder notices to Biller **101** that the invoice **104** amount will be withdrawn

via electronic funds transfer or other means (such as a paper check) from Biller's 101 account. The schedule for reminder notices and withdrawal dates are determined by third-party intermediary 103. At step 810, third-party intermediary 103 transfers the revised payment amount (negotiated
5 above) from Biller 101 bank account to third-party intermediary 103 bank account via electronic funds transfer or by other means (such as a paper check).

FIG. 9 illustrates exception processing when Biller 101 defaults. At step 900, third-party intermediary 103 initiates collections procedures
10 against Biller 101 or Payer 102.

VII. Third Party Intermediary System Functions

FIG. 10a illustrates the third-party intermediary 103 system function of Biller reporting. At step 1000, Biller report lists all Biller 101 open invoices 104 in the third-party intermediary 103 system. The Biller report typically
15 includes an invoice number, amount, and invoice date, Payer name, status, comment/description, and total amount of Biller 101 open invoices 104. At step 1005, Biller report also lists all Biller 101 closed invoices year-to-date in the third-party intermediary 103 system. The closed invoices listed in the

Biller report typically include an invoice number, amount, invoice date, payer name, date paid by third-party intermediary , comment/description, and total amount of closed invoices. At step **1010**, the report can be sorted/filtered by various criteria and also downloaded into spreadsheet programs such as Excel.

FIG. **10b** illustrates the third-party intermediary **103** system function of Payer **102** reporting. At step **1015**, Payer **102** report lists all Payer **102** open invoices **104** in the third-party intermediary **103** system. The Payer report typically includes an invoice number, amount, invoice date, Biller name, payment withdrawal date, status, comment/description, and amount total. At step **1020**, Payer **102** report lists all Payer **102** closed invoices year-to-date in the third-party intermediary **103** system. The closed invoices listed in the Payer report typically include an invoice number, amount, invoice date, Biller **101** name, date debited by third-party intermediary, comment/description, and amount total. At step **1025**, the report can be sorted/filtered by various criteria and also downloaded into spreadsheet programs such as Excel.

FIG. **10c** illustrates the third-party intermediary **103** system function of transaction reporting. At step **1030**, Biller **101** transaction report lists all

Biller **101** bank deposits and withdrawals performed by third-party intermediary **103** via electronic funds transfers. It also includes amount, deposit/withdrawal date, Payer **102** name, invoice number and description. The report can be sorted/filtered by various criteria and also downloaded
5 into spreadsheets such as Excel.

At step **1035**, Payer **102** transaction report lists all Payer **102** bank deposits and withdrawals performed by third-party intermediary **103** via electronic funds transfers. The Payer **102** transaction report also includes amount, deposit/withdrawal date, Biller **101** name, invoice number and
10 description. The report can be sorted/filtered by various criteria and also downloaded into spreadsheets such as Excel.

FIG. **11** illustrates third-party intermediary **103** system functions concerning invoice credits. At step **1100**, Billers **101** can initiate invoice credits for existing invoices (not to exceed the invoice amount) at any stage
15 in the process up until four days before the invoice **104** amount is scheduled to be withdrawn from the Payer **102** bank account by third-party intermediary **103**. At step **1105**, if the credit is given before the Payer **102** authorizes the amount, then the original invoice amount is reduced by the amount of the credit. The credit adjustment is done on the third-party

intermediary **103** web site by the Biller **101**. At step **1110**, if the credit is given after the Payer **102** authorizes the amount, then the third-party intermediary initiates a deduction from the Biller's **101** bank account for the amount of the credit. The third-party intermediary discount percentage
5 times the credit amount is added back at month end. At step **1115**, third-party intermediary **103** will also allow credits if no invoice **104** is outstanding.

Additional third-party intermediary **103** system functions may include:

- 10 1. Fraud monitoring - The system performs ongoing monitoring of both Biller **101** and Payer **102** activities from initial account application by the business through the total transaction processing cycle.
- 15 2. Integration with business accounting software - The third-party intermediary **103** system can be integrated with major business accounting software packages (including QuickBooks, Peachtree, etc.) so that third-party intermediary **103** transactions are

automatically transferred to and from the accounting package without requiring duplicate entries.

3. Guaranteed payment - As an option, third-party intermediary **103** may enter into an arrangement with Biller **101** whereby third-party intermediary absorbs credit losses on Biller **101** invoices if Payer **102** defaults, as opposed to Biller **101** absorbing those losses. Third-party intermediary **103** obtains an additional discount on invoice **104** amount for taking the risk of Payer **102** default.

10 The various embodiments described above should be considered as merely illustrative of the present invention and not in limitation thereof. They are not intended to be exhaustive or to limit the invention to the forms disclosed. Those skilled in the art will readily appreciate that still other variations and modifications may be practiced without departing from the
15 general spirit of the invention set forth herein. Therefore, it is intended that the present invention be defined by the claims which follow:

CLAIMS

What is claimed is:

- 1 1. A method for payment of an invoice evidencing a payment
2 obligation of a payer to a biller using a third-party intermediary,
3 comprising:
4
5 receiving at the intermediary a nonrepudiable commitment
6 from the payer to pay an amount of an invoice that is directly
7 authorized by the payer, wherein the commitment includes a
8 payment date subsequent to such authorization;
9
10 receiving from the biller a legally binding commitment to pay
11 the amount of the invoice that is directly authorized by the
12 payer to the intermediary if the payer does not pay the amount
13 of the invoice to the intermediary;
14
15 receiving at the intermediary directly from the payer an
16 authorization to pay the amount of the invoice to the biller;

17

18 after directly receiving the authorization, paying to the biller at

19 least a substantial portion of the amount of the invoice; and

20

21 subsequently collecting from the payer (or the payer's agent)

22 the amount of the invoice.

1 2. The method of claim 1, wherein the nonrepudiable

2 commitment from the payer is to pay a respective amount of any invoice

3 that is directly authorized by the payer.

1 3. The method of claim 1, wherein the legally binding

2 commitment from the biller is to pay a respective amount to the

3 intermediary of any invoice that is directly authorized by the payer if the

4 payer does not pay the respective amount to the intermediary.

1 4. The method of claim 1, wherein the authorization is received

2 electronically.

1 5. The method of claim 1, wherein the nonrepudiable
2 commitment to pay comprises a commitment to pay within a predetermined
3 period of time.

1 6. The method of claim 1, wherein the paying to the biller is done
2 electronically.

1 7. The method of claim 1, wherein the full amount of the invoice
2 is paid to the biller.

1 8. The method of claim 1, wherein the amount of the invoice is
2 collected from the payer electronically.

1 9. The method of claim 1, wherein the biller and the payer do not
2 execute an explicit payment agreement with each other ..

1 10. The method of claim 1, further comprising collecting from the
2 biller a fee for the paying of the invoice.

1 11. The method of claim 1, further comprising collecting from the
2 payer a fee for the paying of the invoice.

1 12. An apparatus to facilitate payment of an invoice evidencing a
2 payment obligation of a payer to a biller using a third-party intermediary,
3 comprising:

4

5 a storage device; and

6

7 a processor connected to the storage device, the storage device
8 storing a program for controlling the processor; and the
9 processor operative with the program to:

10

11 receive at the intermediary a nonrepudiable commitment from
12 the payer to pay the amount of any invoice that is directly
13 authorized by the payer, wherein the commitment includes a
14 payment date subsequent to such authorization;

15

16 receive from the biller a legally binding commitment to pay the
17 amount of the invoice that is directly authorized by the payer
18 to the intermediary if the payer does not pay the amount of
19 such an invoice to the intermediary;
20
21 receive at the intermediary directly from the payer an
22 authorization to pay the amount of the invoice to the biller;
23
24 after directly receiving the authorization, pay to the biller at
25 least a substantial portion of the amount of the invoice; and
26
27 subsequently collect from the payer (or the payer's agent) the
28 amount of the invoice.

1 13. The apparatus of claim 12, wherein the nonrepudiable
2 commitment from the payer is to pay a respective amount of any invoice
3 that is directly authorized by the payer.

1 14. The apparatus of claim 12, wherein the legally binding
2 commitment from the biller is to pay a respective amount to the
3 intermediary of any invoice that is directly authorized by the payer if the
4 payer does not pay the respective amount to the intermediary.

1 15. The apparatus of claim 12, wherein the nonrepudiable
2 commitment to pay includes a commitment to pay within a predetermined
3 period of time.

1 16. The apparatus of claim 12, wherein the nonrepudiable
2 commitment to pay includes a commitment to pay within a predetermined
3 period of time.

1 17. The apparatus of claim 12, wherein the biller and the payer do
2 not execute an explicit payment agreement with each other .

1 18. The apparatus of claim 12, wherein the biller and the payer do
2 not execute an explicit payment agreement with each other .

1 19. The apparatus of claim 12, further comprising the processor
2 operative with the program to collect from the payer a fee for paying the
3 invoice.

ABSTRACT OF THE DISCLOSURE

A system and method are disclosed for billers and payers to manage accounts receivable for business-to-business payments using a third-party intermediary. The system enables billers to be paid faster and payers to
5 delay payment, while also minimizing the risk of default to the intermediary. The advantages of the present system and method stem from direct authorization by the payer to the intermediary, a nonrepudiable commitment by the payer, and dual recourse for the third-party intermediary, without the need for explicit payment contracts between
10 billers and payers.

SYSTEM OVERVIEW

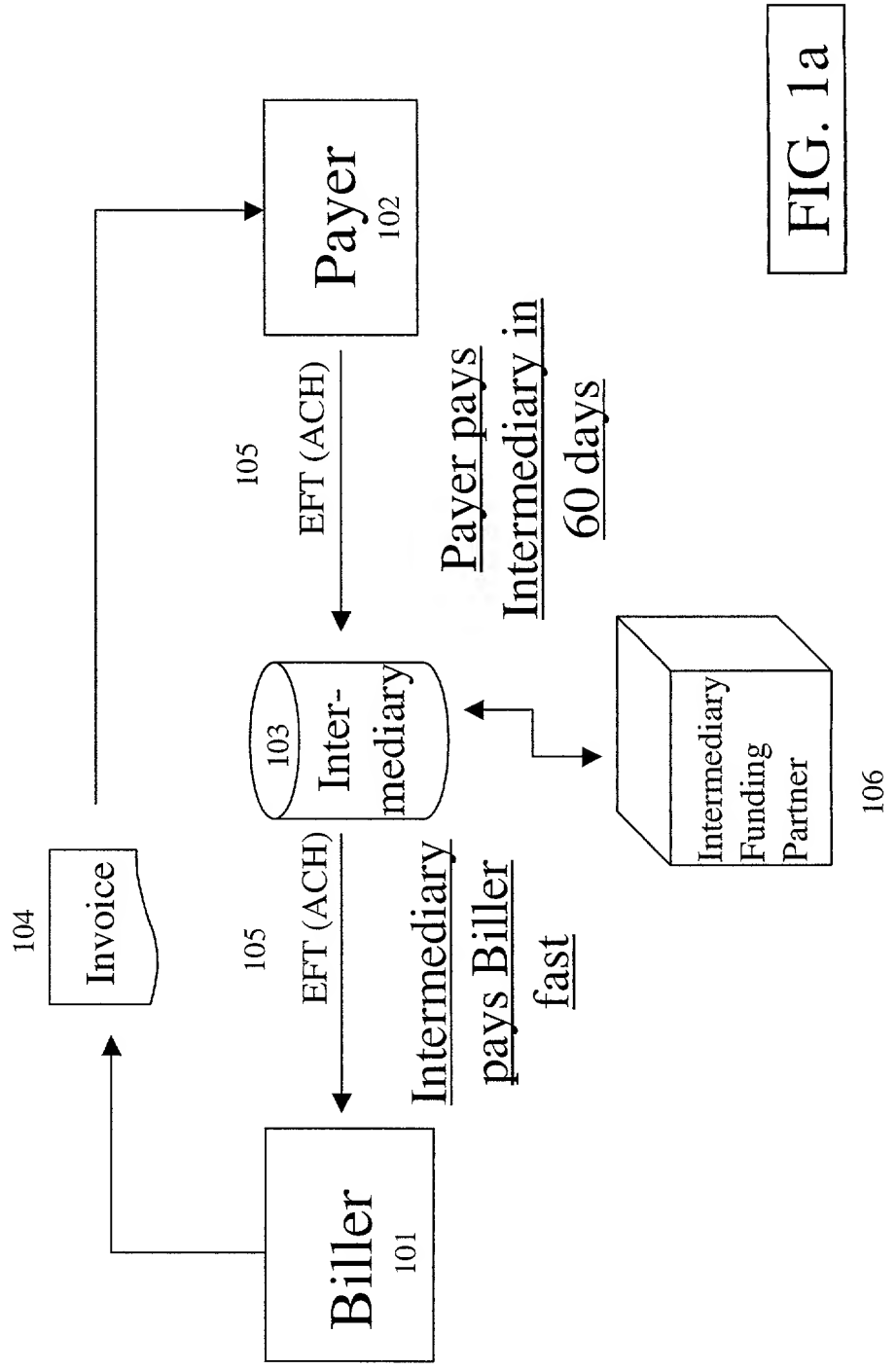


FIG. 1a

SYSTEM OVERALL FLOWCHART

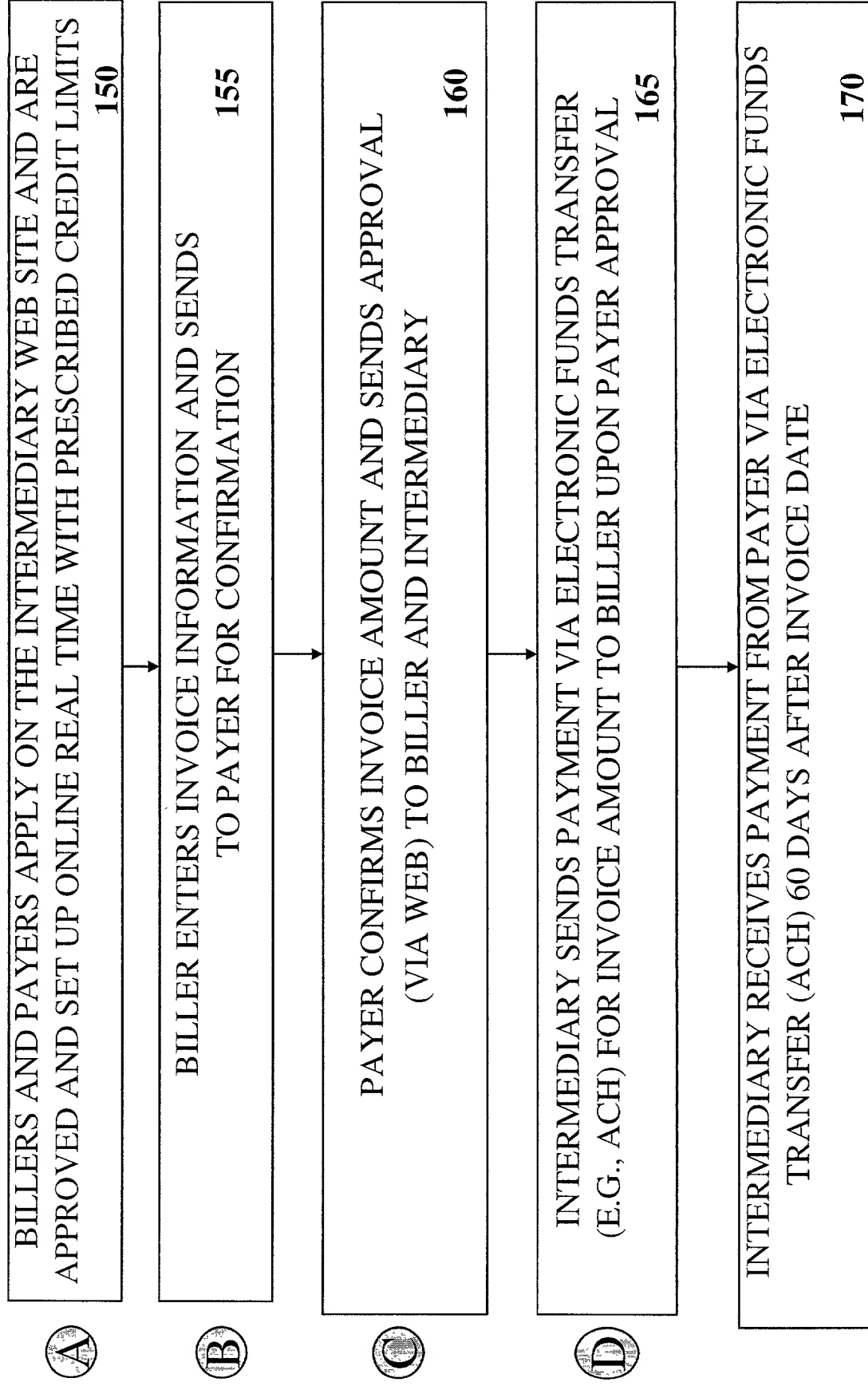


FIG. 1b

A. APPLICATION/SETUP PROCESS (BILLER/PAYER BUSINESSES)

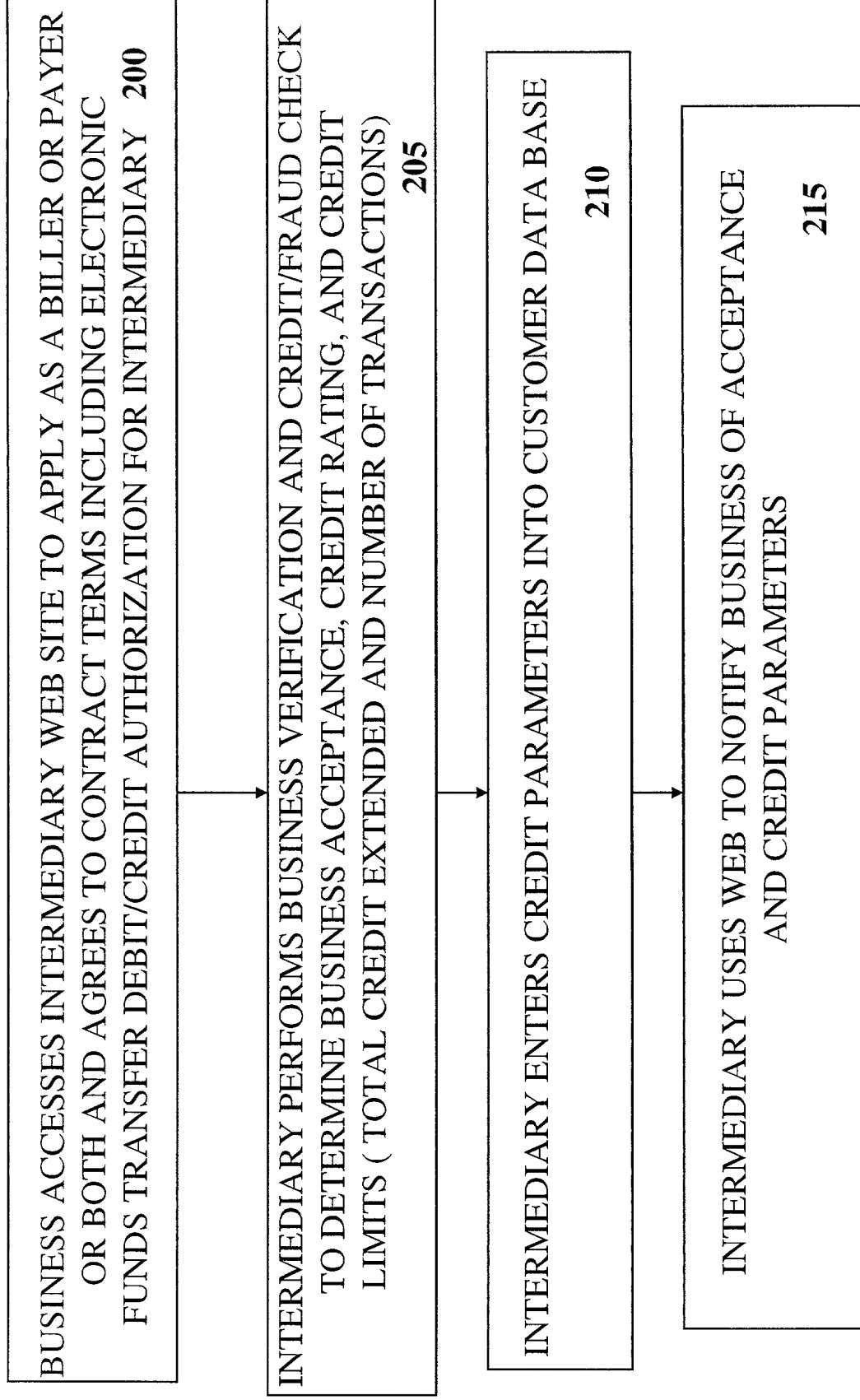


FIG. 2a

A. APPLICATION/SETUP PROCESS (CONTINUED)

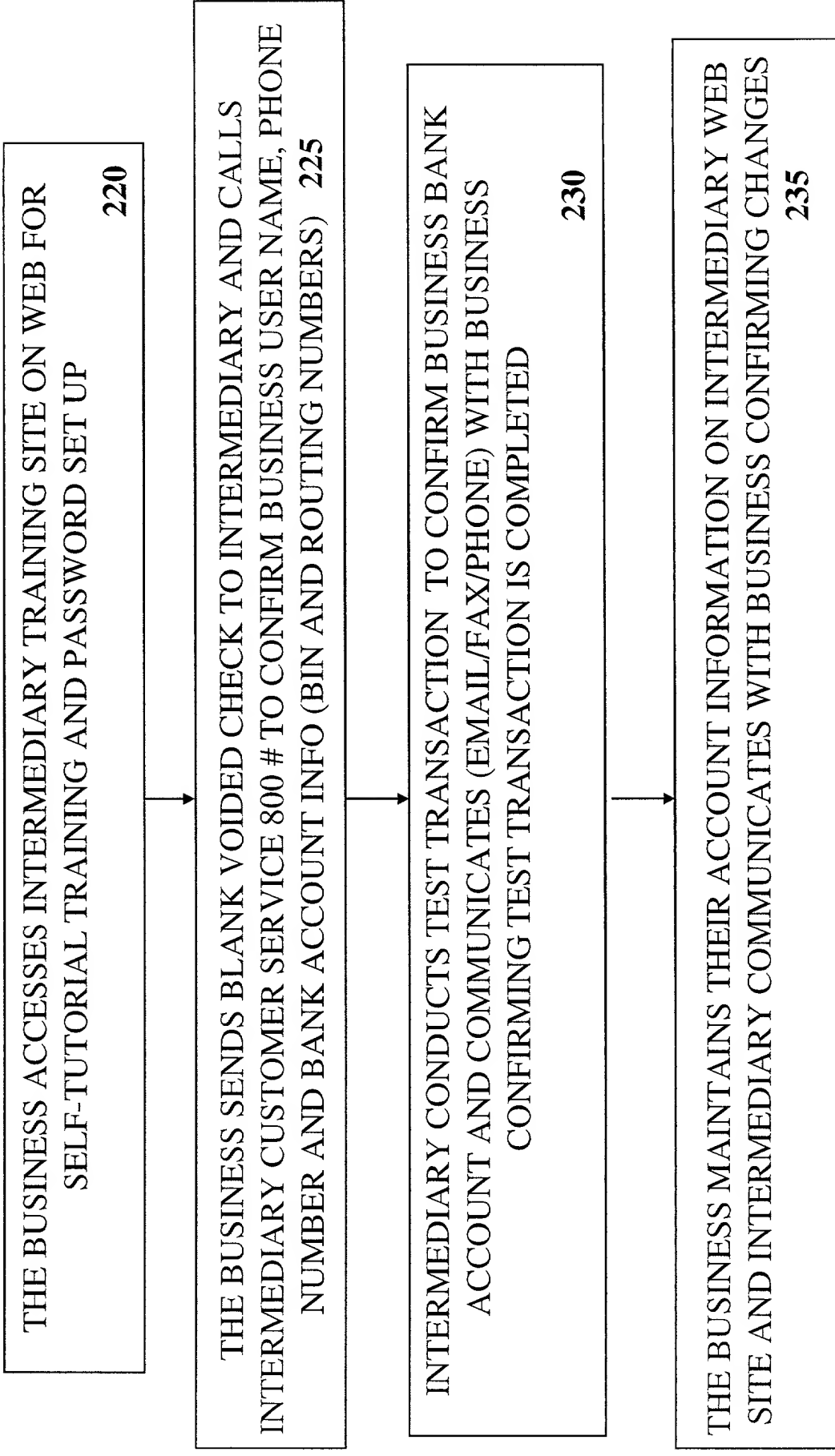


FIG. 2b

B. BILLER INITIATES INVOICE

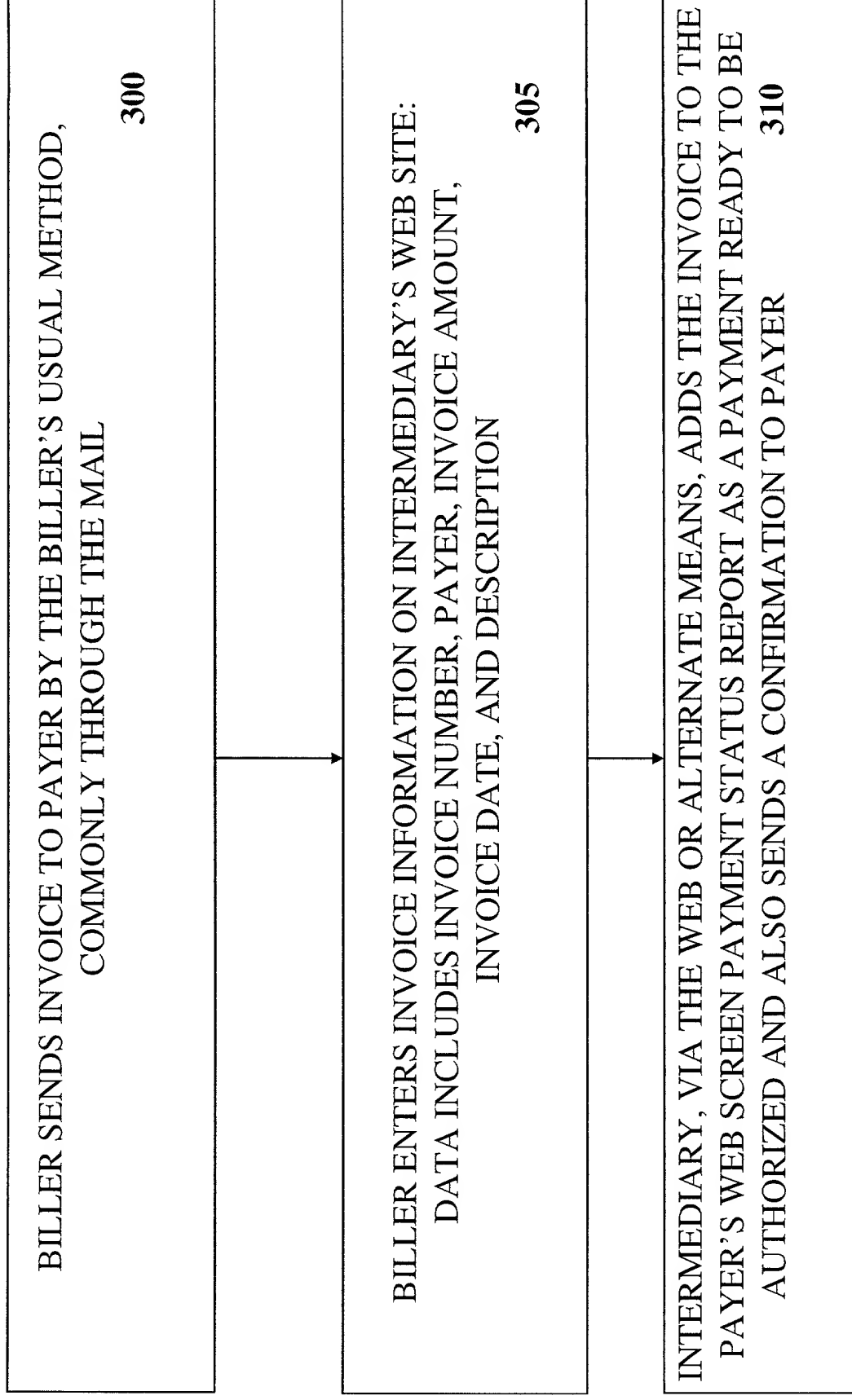


FIG. 3

C. PAYER HAS 4 INVOICE OPTIONS

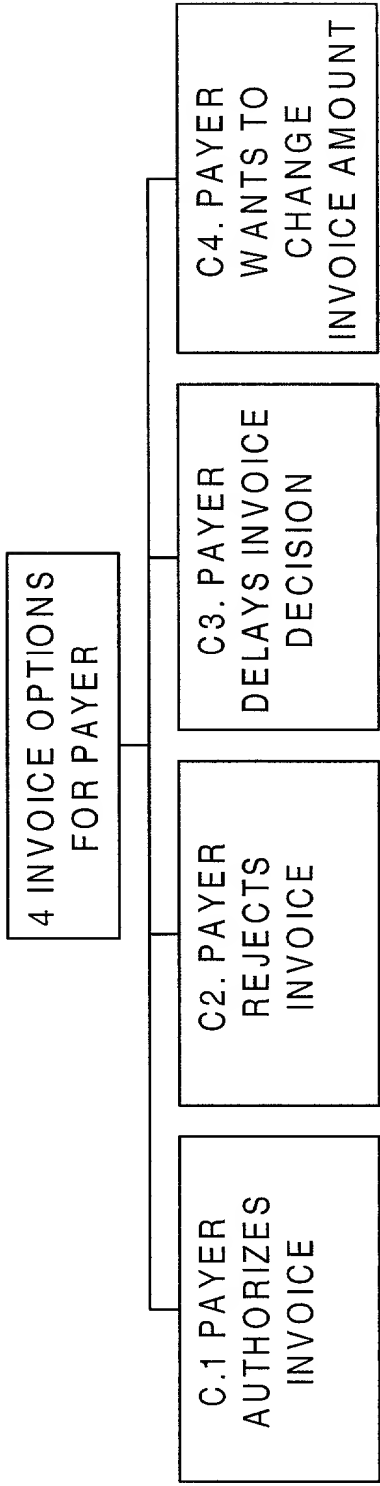


FIG. 4

C1. PAYER INVOICE DECISION: PAYER AUTHORIZES INVOICE

PAYER APPROVES BY CLICKING ON INVOICE APPROVAL BUTTON ON WEB SCREEN.
INTERMEDIARY UPDATES PAYER STATUS ON BILLER'S AND PAYER'S INVOICE
REPORTS ON INTERMEDIARY WEB SCREENS

NOTE: BASED ON A CONTRACT WITH INTERMEDIARY ALREADY SIGNED BY
PAYER, THIS PROCESS RESULTS IN A LEGAL COMMITMENT BY THE PAYER
TO PAY THE INVOICE AMOUNT ELECTRONICALLY SUCH AS
VIA A PREAUTHORIZED ACH DEBIT

400

D

FIG. 4a

C2. PAYER INVOICE DECISION: PAYER REJECTS
INVOICE

INTERMEDIARY INFORMS BILLER, FOR BILLER TO FOLLOW UP WITH PAYER.
INTERMEDIARY FLAGS INVOICE AS REJECTED ON BILLER AND PAYER INVOICE
REPORT. BILLER FOLLOWS THEIR NORMAL INVOICE REJECTED PROCEDURES

405

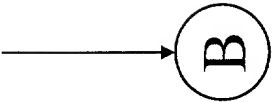


FIG. 4b

C3. PAYER INVOICE DECISION: PAYER DELAYS INVOICE DECISION

INTERMEDIARY COMMUNICATES NOTICES TO PAYER, ON A SCHEDULE
DETERMINED BY BILLER, REQUESTING INVOICE APPROVAL. INTERMEDIARY
ALSO COMMUNICATES INVOICE STATUS TO BILLER. INTERMEDIARY
COMMUNICATION IS VIA WEB, EMAIL, FAX,
PHONE OR OTHER MEDIA AVAILABLE AT THE TIME.

410

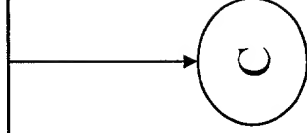


FIG. 4c

C4. PAYER INVOICE DECISION: PAYER WANTS TO CHANGE INVOICE AMOUNT

C4.1 PAYER SENDS NOTICE TO BILLER. BILLER AND PAYER NEGOTIATE (USING
INTERMEDIARY'S ELECTRONIC COMMUNICATIONS OR OTHER MEANS)
INVOICE AMOUNT AND BILLER ENTERS REVISED INVOICE

415



C

C4.2 SUBJECT TO ADVANCE APPROVAL ON BILLER'S PART, PAYER MAY CHANGE
INVOICE AMOUNT DIRECTLY ON INTERMEDIARY'S WEB SCREEN AND
INTERMEDIARY COMMUNICATES REVISED AMOUNT TO BILLER

420



D

FIG. 4d

D. INTERMEDIARY PROCESSING OF INVOICES
APPROVED BY PAYER (Payer agrees to pay and has funds)

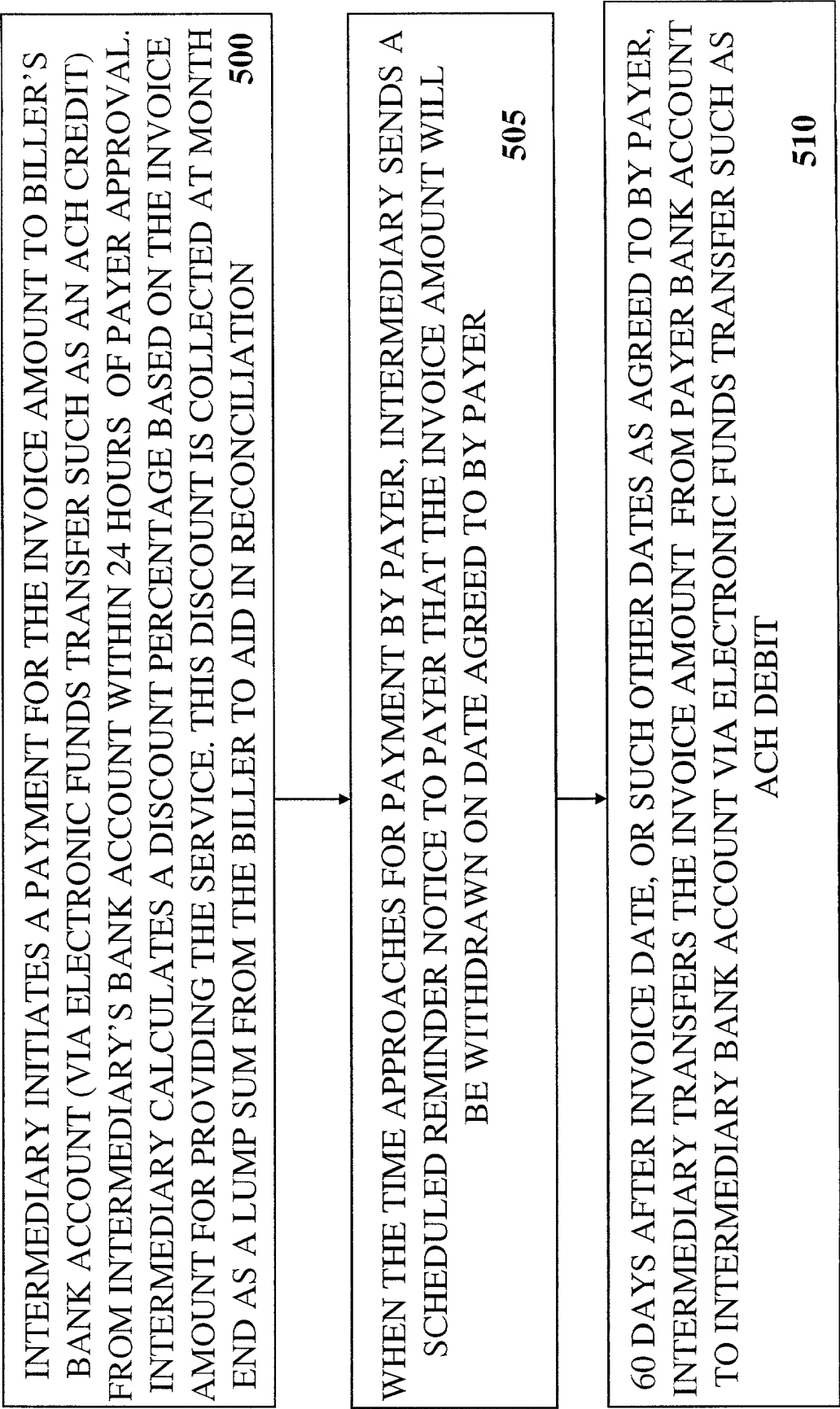


FIG. 5

E. EXCEPTION PROCESSING: PAYER REQUESTS
DELAY IN PAYMENT TO INTERMEDIARY

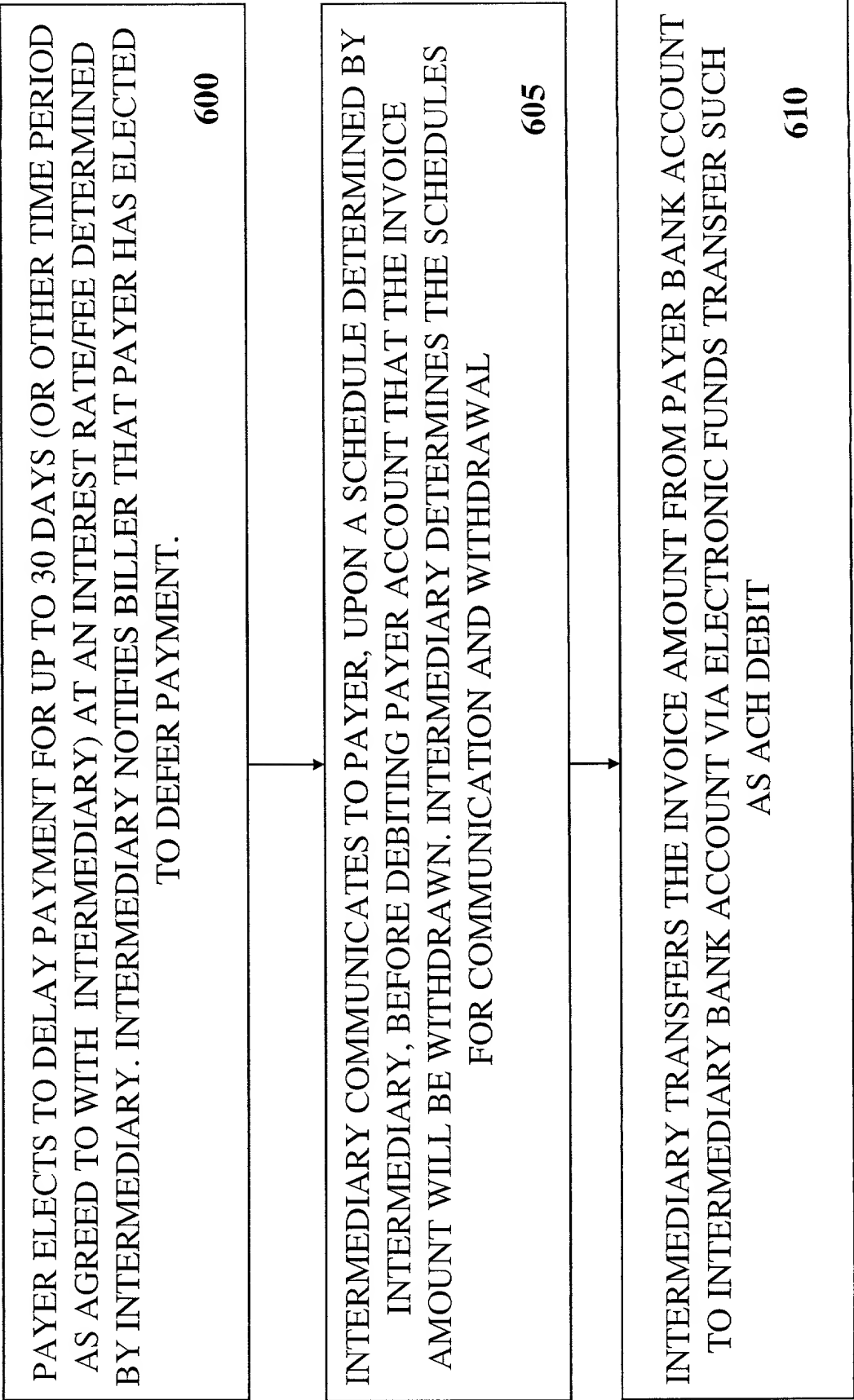


FIG. 6

F. EXCEPTION PROCESSING: PAYER IS NSF (DOES NOT HAVE SUFFICIENT FUNDS IN BANK ACCOUNT TO ALLOW WITHDRAWAL BY INTERMEDIARY)

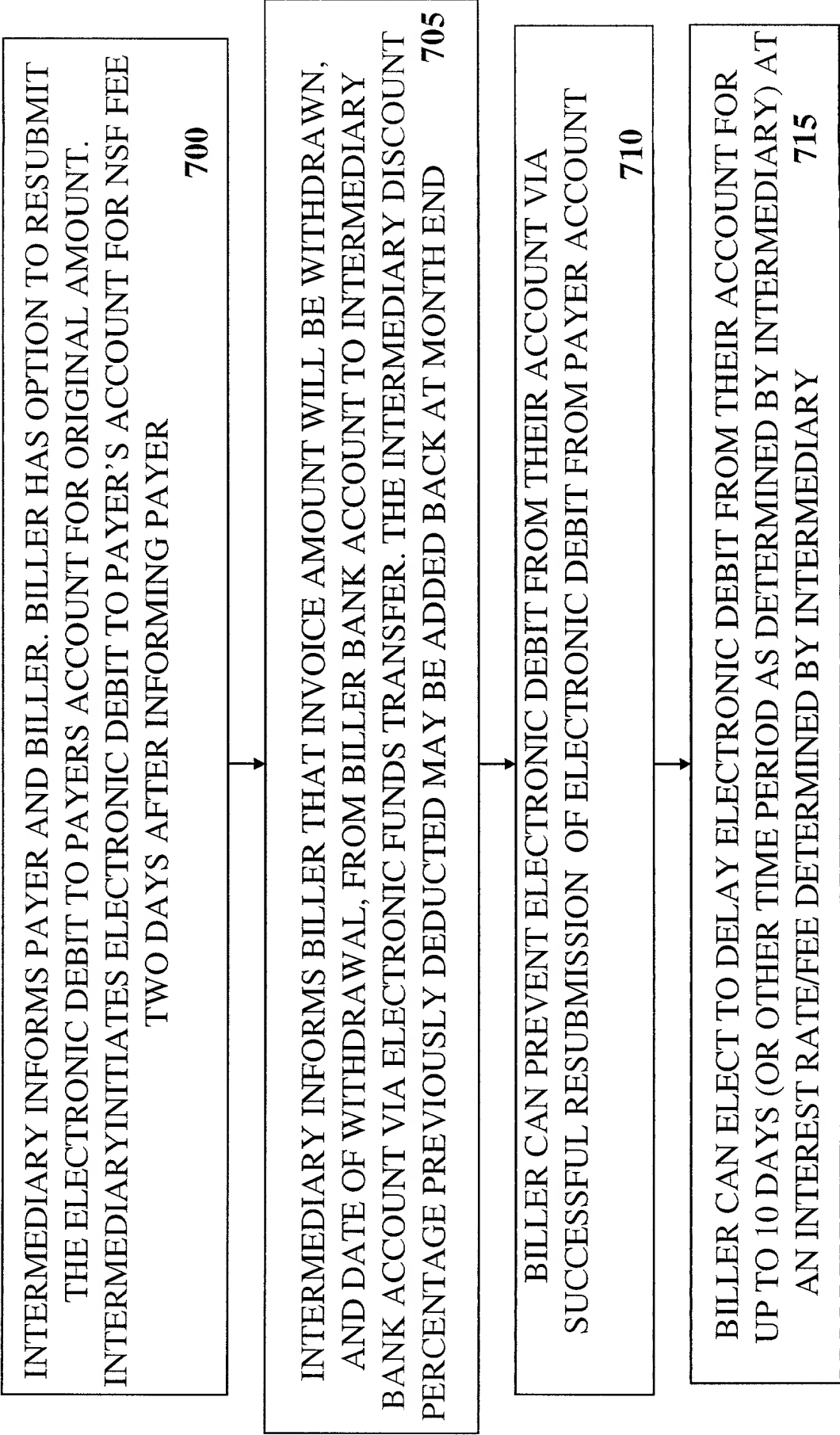


FIG. 7

G. EXCEPTION PROCESSING: BILLER IS NSF

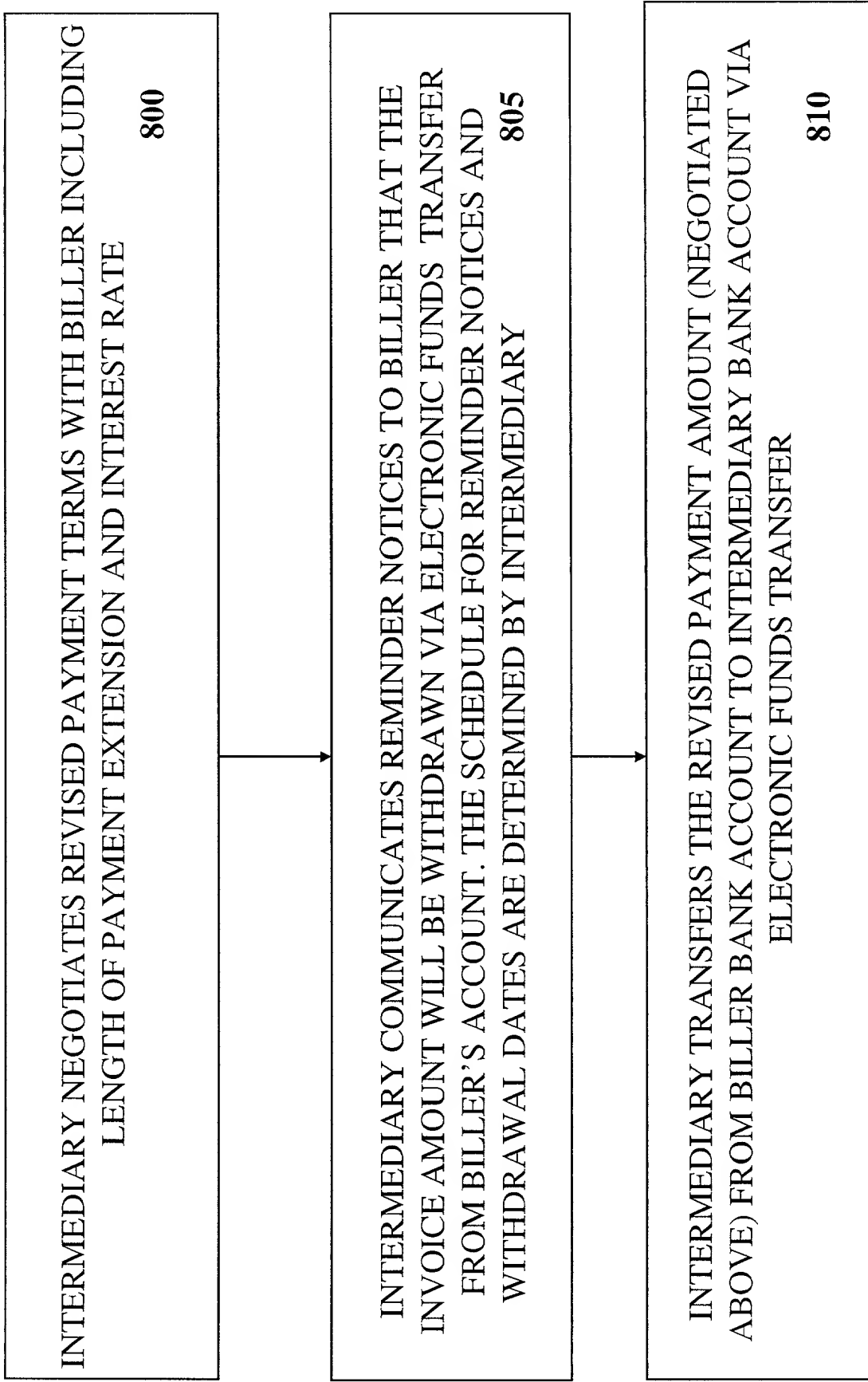


FIG. 8

H. EXCEPTION PROCESSING: BILLER DEFAULTS

INTERMEDIARY INITIATES COLLECTIONS PROCEDURES AGAINST BILLER	900
--	-----

FIG. 9

I. INTERMEDIARY SYSTEM FUNCTIONS: BILLER REPORTING

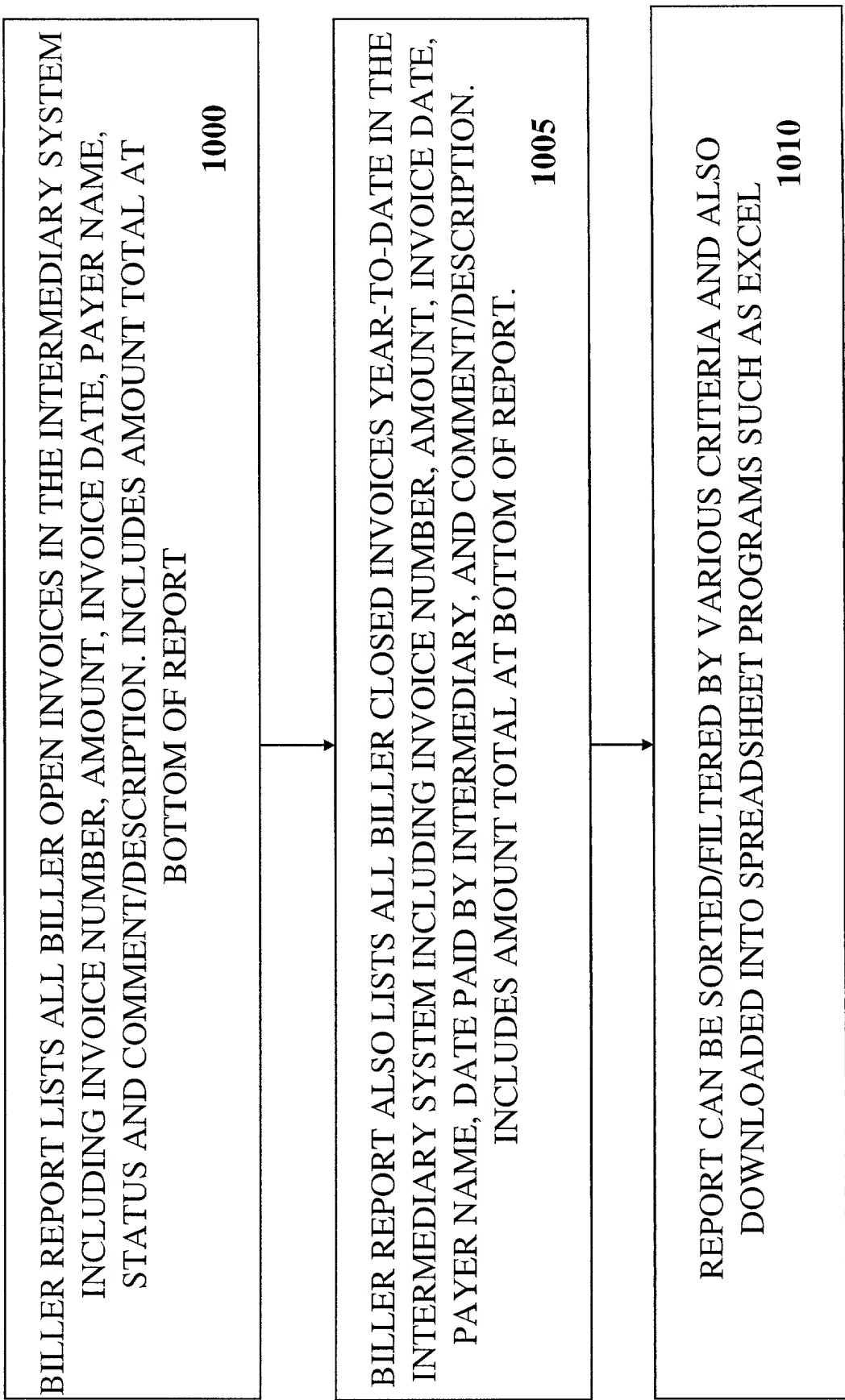


FIG. 10a

I.1 INTERMEDIARY SYSTEM FUNCTIONS: PAYER REPORTING

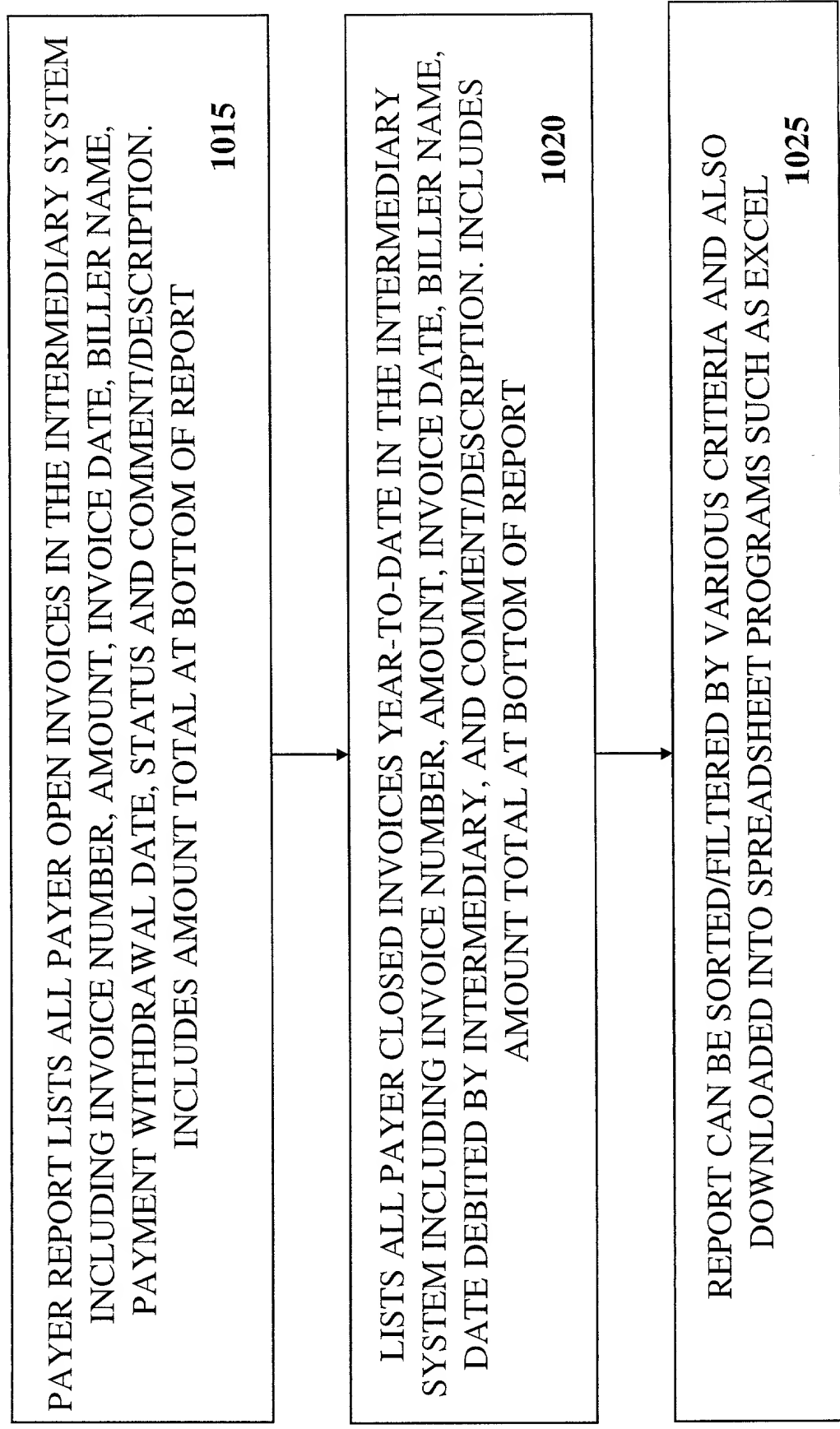


FIG. 10b

I.2 INTERMEDIARY SYSTEM FUNCTIONS: TRANSACTION REPORTING

BILLER TRANSACTION REPORT LISTS ALL BILLER BANK DEPOSITS AND
WITHDRAWALS PERFORMED BY INTERMEDIARY VIA ELECTRONIC FUNDS
TRANSFERS. INCLUDES AMOUNT, DEPOSIT/WITHDRAWAL DATE, PAYER NAME,
INVOICE NUMBER AND DESCRIPTION. REPORT CAN BE SORTED/FILTERED BY
VARIOUS CRITERIA AND ALSO DOWNLOADED INTO SPREADSHEETS SUCH AS EXCEL.
1030



PAYER TRANSACTION REPORT LISTS ALL PAYER BANK DEPOSITS AND
WITHDRAWALS PERFORMED BY INTERMEDIARY VIA ELECTRONIC FUNDS
TRANSFERS. INCLUDES AMOUNT, DEPOSIT/WITHDRAWAL DATE, BILLER NAME,
INVOICE NUMBER AND DESCRIPTION. REPORT CAN BE SORTED/FILTERED BY
VARIOUS CRITERIA AND ALSO DOWNLOADED INTO SPREADSHEETS SUCH AS EXCEL.
1035

FIG. 10c

J. INTERMEDIARY SYSTEM FUNCTIONS: INVOICE CREDITS

BILLERS CAN INITIATE INVOICE CREDITS FOR EXISTING INVOICES (NOT TO EXCEED THE INVOICE AMOUNT) AT ANY STAGE IN THE PROCESS UP UNTIL 4 DAYS BEFORE THE INVOICE AMOUNT IS SCHEDULED TO BE WITHDRAWN FROM THE PAYERS BANK ACCOUNT BY INTERMEDIARY 1100

IF THE CREDIT IS GIVEN BEFORE THE PAYER AUTHORIZES THE AMOUNT, THEN THE ORIGINAL INVOICE AMOUNT IS REDUCED BY THE AMOUNT OF THE CREDIT. THE CREDIT ADJUSTMENT IS DONE ON THE INTERMEDIARY WEB SITE BY THE BILLER 1105

IF THE CREDIT IS GIVEN AFTER THE PAYER AUTHORIZES THE AMOUNT, THEN INTERMEDIARY INITIATES A DEDUCTION FROM THE BILLERS BANK ACCOUNT FOR THE AMOUNT OF THE CREDIT. THE INTERMEDIARY DISCOUNT PERCENTAGE TIMES THE CREDIT AMOUNT IS ADDED BACK AT MONTH END 1110

INTERMEDIARY WILL ALSO ALLOW CREDITS IF NO INVOICE IS OUTSTANDING 1115

FIG. 11

DECLARATION AND POWER OF ATTORNEY FOR PATENT APPLICATION

As a below named inventor, I hereby declare that:

My residence, post office address and citizenship are as stated below, next to my name.

I believe I am the original, first, and sole inventor (if only one name is listed below) or an original, first, and joint inventor (if plural names are listed below) of the subject matter which is claimed and for which a patent is sought on the invention entitled

SYSTEM AND METHOD FOR INVOICE CONFIRMATION AND FUNDING

the specification of which

 X is attached hereto.
 was filed on (MM/DD/YYYY) _____ as
United States Application Number _____
or PCT International Application Number _____
and was amended on (MM/DD/YYYY) _____.
(if applicable)

I hereby state that I have reviewed and understand the contents of the above-identified specification, including the claim(s), as amended by any amendment referred to above. I do not know and do not believe that the claimed invention was ever known or used in the United States of America before my invention thereof, or patented or described in any printed publication in any country before my invention thereof or more than one year prior to this application, that the same was not in public use or on sale in the United States of America more than one year prior to this application, and that the invention has not been patented or made the subject of an inventor's certificate issued before the date of this application in any country foreign to the United States of America on an application filed by me or my legal representatives or assigns more than twelve months (for a utility patent application) or six months (for a design patent application) prior to this application.

I acknowledge the duty to disclose all information known to me to be material to patentability as defined in Title 37, Code of Federal Regulations, Section 1.56.

I hereby claim foreign priority benefits under Title 35, United States Code, Section 119(a)-(d), of any foreign application(s) for patent or inventor's certificate listed below and have also identified below any foreign application for patent or inventor's certificate having a filing date before that of the application on which priority is claimed:

Priority
Claimed

I hereby claim the benefit under title 35, United States Code, Section 119(e) of any United States provisional application(s) listed below:

I hereby claim the benefit under Title 35, United States Code, Section 120 of any United States application(s) listed below and, insofar as the subject matter of each of the claims of this application is not disclosed in the prior United States application in the manner provided by the first paragraph of Title 35, United States Code, Section 112, I acknowledge the duty to disclose all information known to me to be material to patentability as defined in Title 37, Code of Federal Regulations, Section 1.56 which became available between the filing date of the prior application and the national or PCT international filing date of this application:

I hereby appoint the persons listed on Appendix A hereto (which is incorporated by reference and a part of this document) as my respective patent attorneys and patent agents, with full power of substitution and revocation, to prosecute this application and to transact all business in the Patent and Trademark Office connected herewith.

Send correspondence to André L. Marais, BLAKELY, SOKOLOFF, TAYLOR &
(Name of Attorney or Agent)
ZAFMAN LLP, 12400 Wilshire Boulevard 7th Floor, Los Angeles, California 90025 and direct
telephone calls to André L. Marais, (408) 720-8300.
(Name of Attorney or Agent)

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

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Full Name of Third/Joint Inventor _____

Inventor's Signature _____ Date _____

Residence _____ Citizenship _____
(City, State) (Country)

Post Office Address _____

Full Name of Fourth/Joint Inventor _____

Inventor's Signature _____ Date _____

Residence _____ Citizenship _____
(City, State) (Country)

Post Office Address _____

APPENDIX A

William E. Alford, Reg. No. 37,764; Farzad E. Amini, Reg. No. 42,261; William Thomas Babbitt, Reg. No. 39,591; Carol F. Barry, Reg. No. 41,600; Jordan Michael Becker, Reg. No. 39,602; Lisa N. Benado, Reg. No. 39,995; Bradley J. Bereznak, Reg. No. 33,474; Michael A. Bernadicou, Reg. No. 35,934; Roger W. Blakely, Jr., Reg. No. 25,831; R. Alan Burnett, Reg. No. 46,149; Gregory D. Caldwell, Reg. No. 39,926; Andrew C. Chen, Reg. No. 43,544; Thomas M. Coester, Reg. No. 39,637; Donna Jo Coningsby, Reg. No. 41,684; Florin Corie, Reg. No. 46,244; Dennis M. deGuzman, Reg. No. 41,702; Stephen M. De Klerk, Reg. No. 46,503; Michael Anthony DeSanctis, Reg. No. 39,957; Daniel M. De Vos, Reg. No. 37,813; Sanjeet Dutta, Reg. No. 46,145; Matthew C. Fagan, Reg. No. 37,542; Tarek N. Fahmi, Reg. No. 41,402; George Fountain, Reg. No. 37,374; James Y. Go, Reg. No. 40,621; James A. Henry, Reg. No. 41,064; Libby N. Ho, Reg. No. 46,774; Willmore F. Holbrow III, Reg. No. 41,845; Sheryl Sue Holloway, Reg. No. 37,850; George W. Hoover II, Reg. No. 32,992; Eric S. Hyman, Reg. No. 30,139; William W. Kidd, Reg. No. 31,772; Sang Hui Kim, Reg. No. 40,450; Walter T. Kim, Reg. No. 42,731; Eric T. King, Reg. No. 44,188; George Brian Leavell, Reg. No. 45,436; Kurt P. Leyendecker, Reg. No. 42,799; Gordon R. Lindeen III, Reg. No. 33,192; Jan Carol Little, Reg. No. 41,181; Robert G. Litts, Reg. No. 46,876; Joseph Lutz, Reg. No. 43,765; Michael J. Mallie, Reg. No. 36,591; Andre L. Marais, under 37 C.F.R. § 10.9(b); Paul A. Mendonsa, Reg. No. 42,879; Clive D. Menezes, Reg. No. 45,493; Chun M. Ng, Reg. No. 36,878; Thien T. Nguyen, Reg. No. 43,835; Thinh V. Nguyen, Reg. No. 42,034; Dennis A. Nicholls, Reg. No. 42,036; Daniel E. Ovanezian, Reg. No. 41,236; Kenneth B. Paley, Reg. No. 38,989; Gregg A. Peacock, Reg. No. 45,001; Marina Portnova, Reg. No. 45,750; William F. Ryann, Reg. No. 44,313; James H. Salter, Reg. No. 35,668; William W. Schaal, Reg. No. 39,018; James C. Scheller, Reg. No. 31,195; Jeffrey Sam Smith, Reg. No. 39,377; Maria McCormack Sobrino, Reg. No. 31,639; Stanley W. Sokoloff, Reg. No. 25,128; Judith A. Szepesi, Reg. No. 39,393; Vincent P. Tassinari, Reg. No. 42,179; Edwin H. Taylor, Reg. No. 25,129; John F. Travis, Reg. No. 43,203; Joseph A. Twarowski, Reg. No. 42,191; Tom Van Zandt, Reg. No. 43,219; Lester J. Vincent, Reg. No. 31,460; Glenn E. Von Tersch, Reg. No. 41,364; John Patrick Ward, Reg. No. 40,216; Mark L. Watson, Reg. No. 46,322; Thomas C. Webster, Reg. No. 46,154; and Norman Zafman, Reg. No. 26,250; my patent attorneys, and Firasat Ali, Reg. No. 45,715; Justin M. Dillon, Reg. No. 42,486; Thomas S. Ferrill, Reg. No. 42,532; and Raul Martinez, Reg. No. 46,904, my patent agents, of BLAKELY, SOKOLOFF, TAYLOR & ZAFMAN LLP, with offices located at 12400 Wilshire Boulevard, 7th Floor, Los Angeles, California 90025, telephone (310) 207-3800, and James R. Thein, Reg. No. 31,710, my patent attorney with full power of substitution and revocation, to prosecute this application and to transact all business in the Patent and Trademark Office connected herewith.

APPENDIX B

Title 37, Code of Federal Regulations, Section 1.56 Duty to Disclose Information Material to Patentability

(a) A patent by its very nature is affected with a public interest. The public interest is best served, and the most effective patent examination occurs when, at the time an application is being examined, the Office is aware of and evaluates the teachings of all information material to patentability. Each individual associated with the filing and prosecution of a patent application has a duty of candor and good faith in dealing with the Office, which includes a duty to disclose to the Office all information known to that individual to be material to patentability as defined in this section. The duty to disclosure information exists with respect to each pending claim until the claim is cancelled or withdrawn from consideration, or the application becomes abandoned. Information material to the patentability of a claim that is cancelled or withdrawn from consideration need not be submitted if the information is not material to the patentability of any claim remaining under consideration in the application. There is no duty to submit information which is not material to the patentability of any existing claim. The duty to disclose all information known to be material to patentability is deemed to be satisfied if all information known to be material to patentability of any claim issued in a patent was cited by the Office or submitted to the Office in the manner prescribed by §§1.97(b)-(d) and 1.98. However, no patent will be granted on an application in connection with which fraud on the Office was practiced or attempted or the duty of disclosure was violated through bad faith or intentional misconduct. The Office encourages applicants to carefully examine:

- (1) Prior art cited in search reports of a foreign patent office in a counterpart application, and
- (2) The closest information over which individuals associated with the filing or prosecution of a patent application believe any pending claim patentably defines, to make sure that any material information contained therein is disclosed to the Office.

(b) Under this section, information is material to patentability when it is not cumulative to information already of record or being made of record in the application, and

- (1) It establishes, by itself or in combination with other information, a prima facie case of unpatentability of a claim; or
- (2) It refutes, or is inconsistent with, a position the applicant takes in:
 - (i) Opposing an argument of unpatentability relied on by the Office, or
 - (ii) Asserting an argument of patentability.

A prima facie case of unpatentability is established when the information compels a conclusion that a claim is unpatentable under the preponderance of evidence, burden-of-proof standard, giving each term in the claim its broadest reasonable construction consistent with the specification, and before any consideration is given to evidence which may be submitted in an attempt to establish a contrary conclusion of patentability.

(c) Individuals associated with the filing or prosecution of a patent application within the meaning of this section are:

- (1) Each inventor named in the application;
- (2) Each attorney or agent who prepares or prosecutes the application; and
- (3) Every other person who is substantively involved in the preparation or prosecution of the application and who is associated with the inventor, with the assignee or with anyone to whom there is an obligation to assign the application.

(d) Individuals other than the attorney, agent or inventor may comply with this section by disclosing information to the attorney, agent, or inventor.

04490.P001

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:)	
)	
Sanjeev Indru KRIPLANI)	Examiner: Not yet assigned
)	
Serial No.: New application)	Art Unit: Not yet assigned
)	
Filing Date: Herewith)	
)	
For: SYSTEM AND METHOD FOR INVOICE)	
CONFIRMATION AND FUNDING)	
_____)	

Assistant Commissioner for Patents
Washington, D.C. 20231

APPOINTMENT OF ASSOCIATE ATTORNEY

Sir:

I hereby appoint André L. Marais as my associate attorney in the above-entitled application, to prosecute this application, to make alterations and amendments therein, and to transact all business in the Patent and Trademark Office connected therewith.

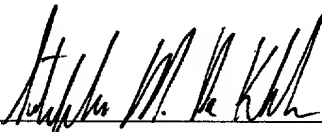
Please continue to address all future communications to Blakely, Sokoloff, Taylor & Zafman LLP, 12400 Wilshire Blvd., Seventh Floor, Los Angeles, CA 90025-1026.

Respectfully submitted,

BLAKELY, SOKOLOFF, TAYLOR & ZAFMAN, LLP

Date: 11/15, 2000

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